



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

Monday January 26, 2015

1:00 p.m.

Call to Order

Board Members Present:

Jan French, cattle producer
John Lehfeldt, chair, sheep producer
Linda Nielsen, cattle producer
Ed Waldner, swine producer

Jeffery Lewis, dairy producer
John Scully, cattle producer
Brett DeBruycker, cattle producer

Staff Present:

Christian Mackay, Executive Officer
Dan Turcotte, Milk & Egg Bureau
Dr Marty Zaluski, Animal Health
Jim Newhall, Information Technology
Dr Bill Layton, Veterinary Diagnostic Lab
George Edwards, Livestock Loss Board

Sherry Rust, executive assistant
George Harris, Centralized Services
Tahnee Szymanski, Animal Health
Gary Hamel, Meat Inspection
John Grainger, Brands Enforcement
Chad Lee, Milk Control Bureau

Public Present:

John Steuber, Wildlife Services
Chelcie Cremer, MT Farm Bureau
Chaley Harney, Mt Beef Council
Jeannie Rankin, MT Veterinary Board
John Youngberg, MFBF
Jim Brown, MWGA
Rep Dale Mortensen, MT House Ag.

Brent Roeder, MT Woolgrowers Assn
Errol Rice, MT Stockgrowers Assn
Maggie Nutter, Marias River Livestock Assn
Les Graham, MALAM
Tim Gill, MT Livestock Ag Credit Inc.
Rick Ripley, Senate #10
Mark Williams, DOL local inspector

Board Communications:

- Jan French, Hobson
 - really nice, lots of snow but losing it fast, lots of calving
- Jeff Lewis, Corvallis
 - moisture way above average, snowpack still good
 - milk prices are crashing
- John Lehfeldt, Lavina
 - wind, pleasant for awhile
 - sheep is sheep, goes up and goes down
- Linda Nielsen, Nashua
 - cattle prices are way down
 - having an early spring, farming and calving
- John Scully, Ennis



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

- weather pretty much the same
 - don't calve for another couple of weeks
- Ed Waldner
 - 55 degrees with wind, snow mostly gone
 - hog prices are down pretty heavy, feed prices are down too
 - started calving

Approval of Minutes:

John Scully moved to approve the minutes for the November board meeting, the December 9 and 18 conference calls. Jan French seconded. The motion carried unanimously.

Interim Authorizations and Activities:

- None

Centralized Services Division, George Harris

- FY 2016-17 Executive Budget Request
 - provided updates on Legislative discussions and actions
 - each division presented their own zero-based budget to the committee
- Monthly Cash Balances:
 - diagnostic lab cash went up and expenditures are down
 - brands saw a significant rise in revenue in December, markets were up, local inspections down a bit
 - centralized services reduced expenditures and reduced staff
 - animal health implemented furloughs but expenditures were up slightly
 - cuts have been implemented but will not really be seen until next board meeting

Board comments included need for a plan, furlough is a one-time option; effect of furlough are having with the department, potential loss of positions, still looking at cutting the lab if funding is not granted.

Legislators' comments:

Alan Redfield, chairman, House Ag Committee: someone from the board should have been at the committee meeting to ask for funding and explain the changes that have been done; a plan of action submitted ahead of time would have made easier; according to board policy and procedure the entire board may vote on the chairman.
Taylor Brown: trying to get votes - need transparency and communication.

Senator Ripley: In the past the board has asked for a very lean budget; going forward the committee may fund public health but the board must show what happened going into the last audit.



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

- Milk Control Bureau, Chad Lee
 - developed milk price and improved report to producers
 - adds transparency to the programs
 - new spreadsheet will show projected paychecks for producers
 - milk prices began dropping
 - Milk board will meet January 15 to focus on milk rates 32-23-301, based on financial need
 - if rates are not adjusted he projects major changes will be required by 2016
- Livestock Loss Board, George Edwards
 - LLB held their meeting December 4 at the Billings Hotel and Convention Center
 - payouts a little over \$125,000
 - last year entire year total was \$96,824
 - funding adequately covers losses thus far
 - HB 145 proposes statutory funding through 2021

3:20 p.m. Recess

3:40 p.m. Reconvene

Wildlife Services, John Steuber

- coyotes do far more damage to livestock than wolves or any other carnivore in Montana
 - last year 427 confirmed calf kills
 - 263 adult sheep and 1075 lambs
 - approximately \$566,000 in coyote damage
- wolf and grizzly bear limits the ability to work on coyotes
 - not able to do as much preventative work for coyotes because of wolf and bear limitations
- still operating without a federal budget
- Department of Defense is going to excess some helicopters soon and we are on their list but it will be very competitive

Milk & Egg Bureau, Dan Turcotte

- correction on the budget handout - 38% expended
- licensing is going full blast
- still running pretty thin with Todd gone and Roy moved into the egg plant 5 pm to 3 am, need to get someone in the Bozeman area



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

- Single Date plan
 - will get going on January 29
 - Christian said Caremark's last word was they are going to file an injunction and see you in the legislature - so far nothing
- a proposed general revision of milk bill is on hold
- the Raw Milk bill is up on Thursday, fiscal note being completed, costs high and general fund must be used for regulation; the DPHHS is coming up to speak on public health issues

Meat Inspection, Gary Hamel

- working on project to see if fees are commensurate with costs
- 8 applications in various states, mostly in the Bozeman area
- Action Item: out-of-state travel for compliance training
 - for department's new label inspector
 - to attend a course in Ohio specific to meat and labeling
 - have funding in place for this trip \$1,500 estimated
 - goal is to have this trainee train current inspectors

Brett DeBruycker moved to authorize the out-of-state travel as requested. Jan French seconded. The motion carried unanimously.

Producer Comments:

John Youngberg, Farm Bureau Federation, attended the budget committee meeting and thought the administrators did a good job of presentation,

Errol Rice, Montana Stockgrowers Association, thanks to Linda and Jan for their years of service to the department and producers through serving on the board. Congratulations to senior managers for their presentations. He agreed with Redfield that the department needs to have a board member at the budget meetings, someone from the board budget subcommittee. The department has industry support on this issue.

Public Comments:

Mark Williams, DOL local inspector for 11 years in Lewis & Clark and northern Jefferson County. Regarding local inspectors, the department has not received a dollar from his (local) inspections and he believes the department should derive funds from all local inspectors. He proposed a fee schedule of approximately 20 percent reimbursement to the department. With about 500 local inspectors in the state, a sizable amount could come back to help fund the department. Suggested redoing the beef council agreement to allow payment on local inspections and a variety of other fee adjustments. He feels local inspectors will continue to profit even after forwarding a percent to the department.



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

Jeannie Rankin, per capita payer for horses and cattle and a practicing veterinarian: should change per capita and statutes allow mileage fee for department inspections.

5:44 PM

Adjourned

8:05 a.m. Tuesday, January 27 Call to order

Board Members Present:

Jan French, cattle producer
John Lehfeldt, chair, sheep producer
Linda Nielsen, cattle producer
Ed Waldner, swine producer

Jeffery Lewis, dairy producer
John Scully, cattle producer
Brett DeBruycker, cattle producer

Staff Present:

Christian Mackay, Executive Officer
Dan Turcotte, Milk & Egg Bureau
Marty Clark, Brands Enforcement
Paul Johnson, District Investigator
Tahnee Szymanski, Animal Health
Rob Tierney, Bison Program
Gary Hamel, Meat Inspection

Sherry Rust, executive assistant
George Harris, Centralized Services
John Grainger, Brands Enforcement
Marty Zaluski, Animal Health
Dan Turcotte, Milk & Egg
Laura Hughes, Compliance

Public Present:

Chelcie Cremer, MT Farm Bureau
Chaley Harney, Montana Beef Council
Laren Welker, MWGA
Butch Gillespie, MRLA
John Youngberg, MFBF

Maggie Nutter, Marias River Livestock Assn
Les Graham, MALAM
Tom Linfield, APHIS
Doreen Gillespie, MRLA

Brands Enforcement, John Grainger

- Action Item: Subcommittee Report
 - Christian explained that historically the funding of per capita to brand fees over the last 12 years averaged 65% brand fees to 35% per capita, with it falling to 51% v. 49%. He recommends that the income rations for FY 2016 and 2016 be 60% brand fees and 40% per capita.



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

The total brands budget request for FY 2016 is \$3,707,128. At 60% brands revenue would have to be \$2,224,276. In FY 2014, brands revenue was \$2,109,797. If the Board agrees with this ration, another \$114,479 would need to be raised in order to stay even.

- Recommendations from the subcommittee to the board included:
 1. Raise dealer and agent licenses fees to \$250 (current fee \$100, last raised 2004 - additional revenue \$45,000).
 2. Raise market license fees to \$1,000 (current fee \$100, last raised sometime prior to 1979 - additional revenue \$11,700)
 3. establish a \$100 fee for association sales (never had a fee, despite DOL man hours at most sales- additional revenue \$1,300).
 4. Raise annual horse inspection to \$15, \$5 for over 10 horses and have local inspector remit \$5 back to the department (current fee \$6, last raised 2003 - additional revenue \$317,786).
 5. Raise lifetime horse inspection to \$30 and charge \$250 for a lifetime inspection book (current fee \$25 - last raised 2003- additional revenue \$22,775).
 6. Raise cattle inspections 25 cents on all change of ownership inspections only and require local inspectors to remit \$25 back to the department [a change in statute required to allow inspectors to remit back] (current fee \$1 - last raised November 2014 - additional revenue \$822,737).
 7. Raise grazing permits to \$10 per hundred head (current fee \$10 for unlimited head - last raised at least 25 years ago - additional revenue \$7,490).
 8. Total new revenue from these proposals: \$1,206,013.

Public Comment:

Les Graham, MALAM, the markets came up with another proposal - raise market license to \$300 and the department send \$500 (instead of \$900) reimbursement for use of market space for brand office. No market spoke against a fee raise to assist the department. The industry wants per capita fee to support brands.

Proposal 1:

Brett DeBruycker moved to raise the dealer fee to \$250 (1). Jan French seconded. The motion carried.

Proposal 2:

Brett DeBruycker moved to raise the market license fee (2) to \$500 and decrease the brand office payment from \$900 to \$400. Jan French seconded.



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

Board Discussion:

- Brett's proposal brings in \$11,000 while the market proposal only brings in \$9,000.
- the department needs as much support out there as we can get, should reconsider the market proposal
- if fees are commensurate with cost no per capita is needed, but we should be using per capita to support brands

Public Comments:

Les Graham: as proposed will fix it today, but what is the board doing to fix it down the road.

John Youngberg: same for the inspection fee proposal.

Linda Nielsen moved to amend the motion to \$300 and a \$400 reimbursement.

Ed Waldner seconded. The motion carried.

Vote on first motion:

The original motion passed unanimously as amended.

Proposal 3:

Establish a \$100 fee for association sale permits. There has never been a fee for this service despite the fact that district men are often called upon to attend and inspect animals sold and often spend numerous hours correcting issues stemming from association sales worked by local inspectors.

Jan French moved to establish an association sale permit fee as proposed. Linda Nielsen seconded. The motion failed with a majority of nay votes.

Discussion:

John Grainger pointed out that the purpose is to establish a process to set a structure in place for various local sales.

Maggie Nutter, the industry needs to know where the money goes for these increases in fees - suggested a transaction fee on to of any transaction: inspection, sale, permit etc.

The board asked for an agenda item for the next meeting detailing rules and statutes regarding sales so the board knows what sales take place throughout the state and what department obligations are.

Proposal 4:

Increase annual inspection fee to \$15, and \$5 for over 10 horses, then have local inspectors remit \$5 back to the department (last raised in 2006 to \$6)

Discussion:

John Youngberg: may be open to employment issues, workers comp, etc. Other option to remitting back is to charge for inspection books or charge for inspector license.

Doreen Gillespie: local inspector, suggests inspector collect their fee and have the owner write a check for the department fee.



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

John Scully said the department will have an avalanche of issues from out there and suggested postponement on proposals #4 and #6.

Proposal 5:

Raise the lifetime horse inspection to \$15 and charge \$250 for the lifetime inspection book.

Brett DeBruycker moved to raise the lifetime horse inspection fee to \$30 and charge \$250 for a lifetime inspection book. Jeff Lewis seconded. The motion carried with John Scully voting no.

Proposal 7:

Raise grazing fee permits to \$10 per hundred (per pair going out and back)

Brett DeBruycker moved to raise the grazing fee as proposed. Jan French seconded. The motion carried.

Christian Mackay reported that HB 311 proposes to eliminate county line inspections for horses. This will make any theft investigations very difficult.

Public Comment:

Maggie Nutter, barrel racers and blooded horse owners are concerned if this passes, theft could become a real issue.
John Scully moved that the Board of Livestock oppose this bill and authorize employees to do so. Jan French seconded. The motion carried.

Board Discussion:

Need to reorganize the subcommittee to continue the dialogue with employees, industry organizations etc.

Jeff and Brett were asked to continue on the subcommittee.

The priority is to look at what we are going to do should the department not get the budget requested. Need more information on the lab and what to do if not funded.

10:30 AM Recess

10:45 AM Reconvene

Animal Health, Dr. Marty Zaluski

- Action item revising Administrative Rules:
 1. 32.3.139 - to create language that will allow the provisional appointment of a deputy state veterinarian pending completion of all requirements.
 2. 32.3.202, 204, 206 and 207 addition of language giving the state veterinarian authority to provide exemptions for import requirements



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

when such an exemption does not create a risk to Montana livestock, wildlife, or the public.

3. CAN import exemption - to provide an exemption for the required CAN brand for exhibition animals and on a case by case basis does not create a threat of disease to livestock, wildlife, or to the public or compromise animal disease traceability.

John Scully moved to authorize the proposals with the following changes to 206 and 2001 subject to approval by the board. The motion died for lack of a second.

Board Discussion:

206 and 2001 should be revised to be subject to the final approval by the board and terms and conditions applied.

Dr. Zaluski will do what is best for the state.

Dr. Szymanski: can flesh out to options a, b, and c with approval of the board.

Public Comments:

Majel Russell, intertribal attorney: when you take authority away from the State Veterinarian and put it before the board it becomes subjective. Our request to import clean bison from states that do not have brucellosis last fall has never been decided by the board.

Maggie Nutter: It is unfair to bison producers if cattle can be moved without calfhood vaccinations, bison should also be allowed. Here is a viable livestock and the board should look at the science.

Ervin Carlson, chairman intertribal council, cattle producer, and manager of the bison program: We are using bison for economics too. We have to have a veterinarian, you are paying the State Vet to do a job but you want to make the decision over him and other state vets. What do we have a State Vet for is not relying on his expertise?

Board Discussion:

Who hires the state vet, we are only protecting him, it should come under the board.

The board hires him and his expertise and should not need to micromanage or we might as well not have department heads, just come in and manage the department.

Want to believe that bison coming out of the Park are not diseased but they are. It is not just science.

Public Comment:

Majel Russell: do not see live bison coming out of the Park anytime in the near future. All we want to do is to have these bison on state highways and onto a federal enclave - native reservations under federal authority.

Jan French moved that the board authorize rule changes as proposed. Linda Nielsen seconded. The motion was withdrawn.

Brett DeBruycker moved to authorize 139, 202, 204, and 207 as proposed. Jeff Lewis seconded. The motion carried.



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

Brett DeBruycker moved to authorize 2001 with (a) exhibition, (b) at a bull stud facility or (c) on a case by case basis with board approval. Linda Nielsen seconded. The motion carried with Jan French voting no.

Discussion on revisions to 206:

John Lehfeltdt stated we have had these people (tribal representatives Majel Russell and Ervin Carlson here twice, want to do a service and make a decision. Jan French moved to approve as written. The motion died for lack of a second.

Dr. Zaluski offered to compile a list of categories where exemptions are not e be granted.

Christian Mackay stated just pass the rule, and tell Zaluski to deny the bison request if you so please.

Jan French moved to pass 206 as presented. Linda Nielsen seconded. The motion carried with John Scully and Brett DeBruycker voting no.

Additional comments:

John Scully stated it is inappropriate to bring individual requests before the board so just make the decision.

Dr. Zaluski: I know the issues that are of interest and will continue to bring them before the board.

- Dr. Zaluski said he was appointed USAHA Brucellosis Committee chair at the USAHA meeting.
- The latest test reports on the affected herd:
 - the quarantined herd was negative and the will be released from quarantine this spring after calving
 - the Madison County herd also have a clean test
 - almost 17,000 animals involved in this investigation
 - have asked for additional funding to cover the increased expenses
 - voluntary testing may increase as producers are finding it important to do follow up tests annually

Public Comment:

Butch Gillespie: It (brucellosis) seems with the federal animals the feds should step up to the plate and it should not come onto the state side.

- The feral swine bill passed out of the house committee 7-4 and passed out of the Senate 50 to 0. (both against feral hogs)
 - if it becomes an issue we have the initial incident covered
 - the amendment limits department expenses



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

Board discussion on the budget:

The budget as submitted to the state assumes the per capita to the lab is gone, with general fund from the governor's budget to the lab (\$700,000).

The per capita saved is used in our budget submission as funding the rest of the budget.

It is presumed in this submission if no general fund is granted we shut down the lab and take whatever else measures as needed.

Should be \$700,000 cash on hand if we get the general fund and must get spending authority to use the cash on hand, which could be salaries.

- Review of Board of Livestock Procedure and Guideline manual:

John Scully moved to delete all reference to horse racing and edits on 7 and 9 as discussed, retain 11 and delete 13. Brett DeBruycker seconded. The motion carried unanimously.

The board agreed to review the current document again at the July 2015 meeting.

Board discussion regarding performance review:

- not in agreement on performance review documents
- should work on a complete review in depth
- the board discussed a review in November
- some members abstained from completing prior performance appraisal
- May 22 and 23 meeting mentioned either raise fees or eliminate employees
- need evaluation on executive officer as soon as possible
- out in the country they also want CDS administrator evaluated
- need review on all department personnel on a regular annual basis
- do a complete evaluation of the executive officer - should do it in executive session today - received letters from organizations regarding executive officer and what are we going to do about it (cited lack of leadership)
- can discipline with just cause
- If action taken by the board is termination with cause - cause must be shared with the employee and the employee must have a chance to rebut

Evaluation forms by will be sent out by HR allowing 60 days for input and no board member can defer completing the evaluation.

Jan French and Linda Nielsen requested a shorter time frame so they can participate in the evaluation.

Jeff Lewis stated the board needs to look at the whole picture and see what we can do to right the ship.



BOARD OF LIVESTOCK MINUTES

January 26 & 27, 2015
Board Conference Room 318
301 N. Roberts, Helena, MT 59601

John Scully wants discourse between board members and input from executive office after the evaluations are done.

John Lehfeldt suggested an on your own time meeting in February for the board to meet to complete the process.

Christian will take dates available from board members and email choices to them - 10:30 to 2:30 - bring your own lunch - Monday or Friday - topics evaluation and budget.

Next board meeting will be March 23 and 24, 2015.

2:00 PM Adjourn

John Lehfeldt, Chair